GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

STARRED QUESTION NO:40
ANSWERED ON:13.08.2007
LOSSES IN MTNL
Bhargav Shri Girdhari Lal;Maheshwari Smt. Kiran

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether Mahanagar Telephone Nigam Limited (MTNL), Delhi is running into losses ;

(b) if so, the reasons therefore alongwith the time since which it has been running in losses ;

(c) the amount of loss incurred in each year from the last loss-making financial year; and

(d) the steps taken/proposed to be taken by the Government to improve the situation ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) to (d) A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO.40 FOR 13TH AUGUST, 2007 REGARDING LOSSES IN MTNL.

(a) No, Sir. MTNL as a whole has earned profit of Rs.681.74 crores in 2006-07. However, MTNL Delhi Unit has incurred a loss of Rs.4.59 crores in 2006-07.

(b) The main reason for the loss in Delhi Unit is the stiff competition and reduction in landline.A large number of connections in MTNL Delhi are from legacy system requiring fixed costs to maintain, which are difficult to reduce (being committed payments). This is the 1st year in which Delhi Unit has exhibited operational loss.

(c) Loss incurred is Rs.4.59 crores in Delhi Unit for the year 2006-07, for the first time.

(d) The following steps have been taken to improve the situation.

Introduction of various schemes to attract new land line subscribers and sustaining existing landline base.

More emphasis on adding GSM and Broadband connections.

Bringing Delhi and Mumbai units under 95 dialing facility (local call).

Introduction of flexible tariff policies.

Rationalization of expenditure to reduce Administrative and Operative cost.

Implementing Voluntary Retirement Scheme (VRS) to reduce staff cost.

Overseas operation as an operator.